

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0296-01  
Bill No.: HB 84  
Subject: Crimes and Punishment; Revenue Department; Courts  
Type: Original  
Date: March 27, 2013

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Bill Summary: This proposal changes the laws regarding the requirements of the governing body of a city, town, or village when its annual revenue from fines and court costs for traffic violations exceed 35% of its total annual revenue.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Hold Harmless School Districts</b>	<b>\$0 or Unknown less than \$100,000</b>	<b>\$0 or Unknown less than \$100,000</b>	<b>\$0 or Unknown less than \$100,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### § 302.341 - Revenue from Traffic Violations:

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there is no anticipated state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to school districts increases the deduction in the foundation formula the following year.

DESE assumes the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

**Oversight** assumes any additional funding from this proposal on an affected school district would be offset by an equal decrease in funding received through the foundation formula unless the affected school district is a hold harmless district.

**Oversight** assumes any hold harmless school district may receive an unknown but minimal increase in funding if the political subdivision in which it is located receives more than 35% of their annual operating revenues from fines and court costs for traffic violations.

**Oversight** has no way of knowing how many political subdivisions receive more than 35% of their annual general operating revenues from fines and court costs for traffic violations and have a hold harmless school district, for the purpose of the fiscal note, **Oversight** will assume no impact or a positive unknown less than \$100,000 to local hold harmless school districts.

Officials from the **City of Kansas City (KC)** assume this proposal applies to cities, towns, and villages receiving more than 35% of annual general operating revenue from fines and court costs for moving violations on state highways. KC receives a very small percentage of its general operating revenue from fines and court costs, the provisions of the proposal do not apply to KC.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to similar legislation from 2013 (SB 141), officials from the **Special School District** assumed an unknown but minimal positive impact on the district which currently receives approximately \$30,000 in fines and forfeitures per year.

In response to similar legislation from 2013 (SB 141), officials from the **Parkway School District** assumed this proposal would result in unknown additional revenue to the district.

**Oversight** assumes the cities, towns and villages will be able to produce this report for the Department of Revenue without incurring measurable additional expense. Cities, towns and villages are already limited to obtain 35% of their annual general operating revenue from fines and court costs from traffic violations occurring on state highways within 302.341.2, RSMo.

**Oversight** also assumes cities, towns and villages will comply with the law and will not be fined by the Department of Revenue for failure to comply.

Officials at the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Revenue, Office of State Courts Administrator, Department of Transportation, City of Columbia** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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**HOLD HARMLESS LOCAL  
SCHOOL DISTRICTS**

<u>Revenue</u> - Hold Harmless Schools	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
§ 302.341 - Excess traffic fines	less than	less than	less than
	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

<b>ESTIMATED NET EFFECT ON HOLD HARMLESS LOCAL SCHOOL DISTRICTS</b>	<b>\$0 or Unknown less than <u>\$100,000</u></b>	<b>\$0 or Unknown less than <u>\$100,000</u></b>	<b>\$0 or Unknown less than <u>\$100,000</u></b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

§ 302.341 - Revenue from Traffic Violations:

This proposal changes the laws regarding the distribution of fines and court costs for traffic violations. Currently, if a city, town, or village receives more than 35% of its total annual revenue from fines and court costs for traffic violations, all revenue from these violations in excess of 35% must be sent to the Director of the Department of Revenue.

The proposal changes the requirement to apply only to a city, town, or village with less than \$2 million in general revenue excluding fines and court costs collected for cited moving violations whether the violations are finally adjudicated as a moving or nonmoving violation and with fines and court costs from cited moving violations in excess of \$70,000, whether the violations are finally adjudicated as a moving or nonmoving violation.

FISCAL DESCRIPTION (continued)


The governing body of the city, town, or village must prepare and send to the department an annual report of the fines and court costs collected and the entity's general revenue for the year. If the fines and court costs exceed the 35% limit, the entity must include the payment of any excess revenues with the report.

The department director is required to annually disburse the excess revenues to the schools of that county in the same manner that proceeds of all penalties, forfeitures, and fines collected for any breach of the laws of the state are distributed. Failure to send the annual report or excess revenue to the department director will result in the city, town, or village being subject to a civil penalty of up to \$1,000.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Revenue  
Department of Transportation  
Office of State Courts Administrator  
Office of Secretary of State  
Joint Committee on Administrative Rules  
City of Columbia  
Special School District  
Parkway School District



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Acting Director  
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